

WEEK CAPTIONS

- ◆ DBZ has finalized a strategic partnership agreement with EXIM Bank of India aimed at raising more funds on the international market.
- ◆ Sun International has recorded an increased occupancy rate of over 65% at the Zambezi Sun and Royal Livingstone hotels.
- ◆ M o b i l e Telecommunications Company of Kuwait has acquired Celtel International for US\$3.4 billion.
- ◆ Telecel Zambia has

QUOTE OF THE WEEK

"The campaign is great and going on well, but the government needs to give a lot of money to this initiative." – Boris Bornman, General Manager Sun International

FBZ BUSINESS NEWS

◆ **Finance Bank Managing Director, Anthony Grant, has been elected new chairman of Bankers' Association of Zambia.**

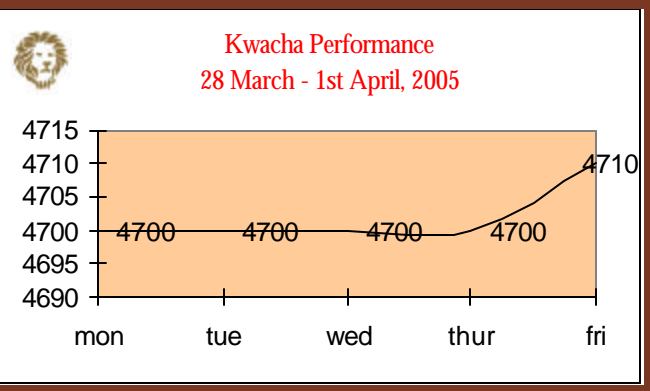
FOREX

The Kwacha remained largely buoyant last week depreciating only marginally as the week came to a close.

As the supply of the green-back fizzled out, the ZMK came under pressure, but managed to hold its ground for most part of the week supported by the long market positions. ZMK opened the week at 4650 and 4700 for bid and offer on the inter-bank market, held on to these levels until Friday when it slipped to 4660 and 4710 recording a 0.2% depreciation on the day.

On a year-to-date basis, the Kwacha has posted a 3% appreciation ending the first quarter of 2005 in positive territory. It firmed from its weakest levels of 4810 and 4860 for bid and offer in the second week of January to 4650 and 4700 as at the end of the quarter.

Outlook: *The ZMK will most likely remain stable this week as the nation awaits verdict on its HIPC status at the*



end of the week.

FOREX	4660 / 4710	
INTERBANK	12.00%	
T-BILLS	15.99%	
BONDS	19.42%	
INFLATION	17.4%	
FBZ RATES	ZMK	US\$
LENDING	29% (Base)	
DEPOSITS		
SAVINGS	5%	0.2%
24 HR CALL	3%	0.2%
1 MTH	6%	0.6%
3 MTH	10%	1.2%

TERMS & CONDITIONS APPLY

market will likely remain
TREASURY BILLS

Last week in the inter-bank market, demand for the local currency helped overnight rates remain bound in the 9-12% region. Many players in the economy had month/quarter-end obligations and some banks had Treasury bill settlements to make on Monday. By this, overnight inter-bank rates were supported. Any movement therefore, would only have been upwards. The central bank did not make any interventions.

Outlook:

Overnight rates on the interbank

At the last T-bill auction, the central bank reduced the volume of funds borrowed to K70 billion from the usual K75 billion. The central bank was spoilt for choice in the 182 and 273 days tenors as all bids exceeded amounts offered. K30.4 billion worth of bids were tendered for the 182 days tenor and K51.2 billion for the 273 days. The 91 day Treasury bill weighted average yield rate now stands at 15.95%

Outlook:

Treasury bill rates at the next auction will likely remain stable



She sees a bright future
AND SO DO WE!

◆ **Derivative instrument** -financial instrument whose value is based on an underlying instrument, such as a stock, an index, etc.

KEY INDICES

T-BILL YIELD	RATES
91 DAYS	15.9458%
182 DAYS	17.9084%
273 DAYS	18.6908%

BOND YIELD	RATES
12 MONTH	20.4430
18 MONTH	21.3784
24 MONTH	21.6010

CROSS	RATES
EUR / USD	1.2871 / 1.2876
GBP / USD	1.8810 / 1.8812
USD / JPY	107.66 / 107.71
USD / ZAR	6.2023 / 6.2523

LIBOR	RATES
1 MONTH	2.87000
2 MONTHS	3.03000
3 MONTHS	3.12000
6 MONTHS	3.38500
1 YEAR	3.81000

ECONOMIC	TARGETS
INFLATION RATE	15%
GDP GROWTH	6.0%

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Zimbabwe's loss Zambia's gain

Zambia's agriculture and tourism sectors have reaped rich benefits from Zimbabwe's economic and political woes, though some other countries have suffered losses. White Zimbabwean farmers displaced by president Robert Mugabe's land reforms have also boosted farm output in Malawi and Mozambique with their expertise. But Zimbabwe's economic collapse has robbed neighbours like Mozambique of a key market for their exports, such as electricity.

China' flagging

Oil demand growth in China, one of the pillars supporting record high prices, may be slowing more sharply than expected judging from a string of lackluster market signals over the past month. Oil traders are hard pressed to isolate any one cause of the slowdown in the world's no. 2 oil consumer. But the warning signs are unmistakable: diesel exports have surged, gasoline shipments are on the rise and fuel oil imports remain below par.

INTERNATIONAL NEWS

| U.S DOLLAR

The Dollar strengthened on Friday after U.S. business surveys reflecting steady growth outweighed a surprisingly weak employment report for March and signaled continued interest rate hikes by the Federal Reserve. By early afternoon in New York, the Euro fell to \$1.2908, down about 0.4 percent from late Thursday. The Euro had risen as high as \$1.3059 after a weak U.S. employment report.

| GBP

The Sterling fell against the Dollar and steadied versus the Euro as investors focused on components of a key U.S. manufacturing survey that followed weaker than expected jobs data unveiled earlier in the session. At 1545 GMT, Sterling was down 0.60 percent against the Dollar at \$1.8780, after a one weekly rally. Against the Euro, the pound steadied to 68.57 pence, after hitting eight-week highs the previous day.

| RAND

The South African Rand firmed smartly on Friday in line with other currencies against the Dollar, after a U.S. non-farm payrolls report showed far fewer new U.S. jobs in March than financial markets expected. At 1420 GMT, the Rand fetched 6.16/Dollar, about 6 cents firmer on the day. It had firmed to 6.1275/Dollar in hectic trade at one point, its best level since March 22 after the release of the U.S. jobs report at 1330 GMT.

(Source: Reuters & BOZ)

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| GOLD

U.S. Gold futures settled lower on Friday on speculative selling after the Dollar recovered from early losses, despite data that showed far fewer U.S. jobs were created than expected this last month. Benchmark June delivery gold on the New York Mercantile Exchange's COMEX division sank \$2.80 to \$428.30 an ounce.

| COPPER

U.S. copper futures slipped Friday morning as the Dollar recouped early losses despite a weaker-than-expected U.S. jobs report. At the COMEX division of the New York Mercantile Exchange, benchmark May copper was down 1.80 cents at \$1.4850 a lb, while at the London Metal Exchange three-months copper was trading at \$3,252.50 a ton, down \$37.50 from Thursday's close.

| OIL

Oil prices surged to a record near \$58 a barrel on Friday, powered by a forecast that the market could spike above \$100 due to robust demand and tight spare capacity. U.S. light crude settled up \$1.87 to \$57.27 a barrel, while the London's Brent crude climbed \$2.22 to \$56.51 a barrel.

DIARY

April 6th

WASHINGTON:

Managing Director of the IMF, Rodrigo Rato, speaks on "sustaining global growth and stability".

April 7th

FRANKFURT:

ECB Governing Council meeting, followed by interest rate announcement at 1145 GMT

April 8th

LUSAKA:

The International Monetary Fund (IMF) will meet to decide whether to endorse a \$3.8 billion debt write-off for Zambia.

April 13th

PRETORIA:

South African Reserve Bank starts two-day monetary policy meeting.